



FOREIGN POLICY bulletin

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Reshuffling Britain's Welfare State

by William W. Wade

Since the beginning of the year Britain, under the Conservative government of Winston Churchill, has made a series of adjustments designed to cope with the latest installment of the nation's recurring postwar economic crisis. Tory policy differs in a number of respects from that of the previous Labor government, but the change has not been as abrupt as many Americans may have expected. Planning, with controlled imports and various stimulants fostering exports, remains the basic method of dealing with the country's balance of payments difficulties, while an elaborate welfare state continues to provide the pattern of living for the British people.

True, the budget introduced by Chancellor of the Exchequer Richard Austin Butler on March 11 reshuffled some of the components of the welfare state, touching off a sharp reaction from the Labor opposition and drawing the fire of the trade unions. However, the budget was less an attempt to dismantle Labor's handiwork than an effort to substantiate the private pre-election claim of some Conservatives who contended that they would prove more effective than their political opponents in "making socialism work." By this

they mean that they would be more free than the Laborites to restore incentives and efficiency, thereby providing the essential underpinning for the social services.

This claim is far from fulfilled, but Mr. Butler's budget is obviously an attempt to substitute flexibility for some of the "rigidities" of which Labor has been accused. The chancellor's action was not without some painful consequences and certain risks. His principal deviation from Labor's policy was a large slash in the food subsidies, by which British governments since the war have insulated their consumers from the rising prices of basic food imports. These subsidies had reached major proportions—£410 million (\$1.148 billion) a year, representing a state contribution of £82 (\$224) to the annual food bill of each man, woman and child in the United Kingdom. Mr. Butler ordered a limitation on the subsidies to £250 million a year, a cut of 40 percent which brought an immediate sharp rise in the cost of living.

As compensation for this partial destruction of Britain's war-inspired ration-book economy, he offered two important sources of relief for low-income groups. He lifted the point at

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which the British income tax begins to make its initial bite into take-home pay, a move expected to exempt entirely 2 million persons previously paying direct taxes.

He also increased certain pensions and raised family allowances—the state aid for families with more than one child—from 5 to 8 shillings (70 cents to \$1.12) weekly for each child other than the first. Both of these measures were extensions of the welfare-state principle. To further confuse the Laborites, Mr. Butler hit corporations with an excess profits levy and car-owners with higher gasoline and oil duties. Except for one aspect, his budget was of a character the Opposition might have backed.

Budget Imponderables

The exception arises from the fact that the relaxation of the income tax will give no assistance to Britain's lower-paid workers who were already below the tax line before the budget address. Only some of these will derive benefit from the higher family allowances, and there is a real risk that more expensive food will mean hardship for some sections of the population. This is Labor's ground for branding the Conservative budget a blow at the poor.

Moreover, although the revised tax schedule offers needed incentives to such key workers as coal miners, who will now keep the lion's share of their overtime pay, it does nothing for wage-earners whose jobs fail to afford them opportunities for extra effort. The cotton textile trade, where

unemployment and short-time have recently appeared, is a case in point.

To be effective, Mr. Butler's policy needs a continuance of the industrial peace Britain has enjoyed since the end of the war. Pressure for increased wages is bound to follow the cut in the food subsidies, and the trade unions are apt to be more militant now that their own party is out of office, creating further dangers of the inflation which each chancellor since Sir Stafford Cripps has sought to check in order to improve Britain's export position.

Thus, internal economic policy and the basic task of restoring viability in world trade come together. The drain on sterling—the dangerous loss of gold and dollar reserves which set in last year—is reported to have eased in the first quarter of 1952. Import cuts by Commonwealth countries—the result of a Commonwealth finance ministers' meeting last January—and the budget itself, which tightened the British money market by raising the bank interest rate from 2½ to 4 percent, seem to have restored a measure of confidence in the pound.

It is unlikely, however, that Mr. Churchill's government will be able to dissipate Britain's difficulties in short order, if only because some of the fundamental factors are beyond London's direct control. The rearmament drive, even though slower to start than originally planned, consumes resources that might be earning foreign exchange.

Many persistent problems are still without solutions: Britain remains

caught in the squeeze of relatively high prices for its needed imports of primary commodities and lower prices for its exported manufactures. American tariff policies are troublesome. The loss of Iranian oil and the refinery capacity at Abadan leaves a gap. Heavy wartime debts in the form of sterling balances exercise a destructive influence on the direction of trade. German and Japanese competition in world markets is increasingly felt. In other words, Britain still has a long, long pull ahead before its people become truly prosperous once more.

(Mr. Wade, a former editor of the *Headline Series* and a contributor to the *Foreign Policy Bulletin* on developments in Britain, is now engaged in public relations work.)

Correction

The map published in the April 1 FOREIGN POLICY BULLETIN in connection with Dr. Jerome B. Cohen's *Foreign Policy Report*, "Food and Freedom in India," was erroneously captioned. Instead of "Communist-Controlled Legislatures," describing the situation in Madras, Travancore-Cochin and Hyderabad, it should have read "Areas of Communist Gains." The map and its caption were not the responsibility of the author.

Contrary to early reports indicating that the Congress party might lose control of the legislatures in these three states, the latest election returns show that while the Communists have made substantial gains, they do not control the legislatures, and in Hyderabad the Congress party has a slight majority.

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Elections and Foreign Policy

President Truman's announcement on March 29 that he intends to give up the presidency without a contest for re-election when his term ends next January 20 does not of itself affect world affairs. While this announcement has unsettled the American political situation, it has not unsettled American foreign policy. Nevertheless, it strengthens three influences which can modify or revise foreign policy.

Sources of Change

The first of these influences is the antipathy of many Congressmen for Truman. As leader of the Democratic party, Truman has been able to dissuade the Democratic majority in Congress from seriously weakening foreign policy proposals that require legislative sanction. By his announcement, however, Truman has in effect abandoned leadership of the party, and Democrats at the Capitol are more free than they have been in the past to vent their ill-feeling toward the President without fear of reprisals or injury to conscience.

Democratic members of the House celebrated this release on April 4 by joining Republicans in voting successfully for a reduction of the appropriation for the State Department from the \$318,408,010 requested by Mr. Truman to \$215,988,382. The House limited the contribution by the United States to the United Nations to 33 1/3 percent of the latter's budget; at present the United States contributes 36.9 percent. The House also severely restricted the department's overseas information program. If the Senate supports the House and also reduces the pending foreign aid bill far below the \$7.9

billion sought by Mr. Truman, American foreign policy will inevitably be modified.

The second of these influences stems from the attitudes of the leading candidates for the Presidency, which Truman is abandoning.

Among the possible Democratic nominees, Governor Adlai Stevenson of Illinois has indicated by an article in the spring issue of *Foreign Affairs* that he would carry forward the Truman policies. Senator Estes Kefauver of Tennessee, the other prominent Democratic possibility, favors the bombing of Chinese bases west of the Yalu River in order to affect the course of the Korean war; he thus appears more willing than Truman to risk large-scale war in order to attain foreign policy objectives. In Europe Kefauver is an advocate of establishing closer ties through the Atlantic Union plan.

Eisenhower's Warning

Senator Robert A. Taft of Ohio questions the assumption accepted since 1945 that the United States has continuing responsibilities abroad, especially in Europe. Moreover, he alone among the candidates openly blames the Truman Administration for the transfer of control of China from the Nationalists to the Communists. The replacement of Truman with Taft might change American foreign policy by withdrawal from Europe and more extensive intervention in Asia. Taft's Republican rival, General Dwight D. Eisenhower, also has views which, if translated into action, might alter United States foreign policy.

In his first report as Supreme Allied Commander in Europe, Gen-

eral Eisenhower on April 2 said that "it would be fatuous for anyone to assume that the taxpayers of America will continue to pour money and resources into Europe unless encouraged by steady progress toward mutual cooperation and full effectiveness. . . . The United States cannot long continue such expenditures [for foreign aid] without endangering her own economic structure." General Eisenhower's views were warmly commended in congressional circles.

The stress on American economizing which runs through the Eisenhower report could accentuate the third influence making for potential change in American foreign policy. That is the reluctance of many Europeans to follow American leadership. Both France and West Germany are restive about the European army treaty now being negotiated in Paris. The prospect of increased European expenses for Western defense could heighten this attitude. Queen Juliana of the Netherlands in her address to Congress on April 3 said that the Western nations "should avoid imitating the example set by the countries behind the Iron Curtain which have focused their minds . . . on defense."

Despite these three underlying forces pointing toward change, American foreign policy today is exactly what it was and where it was before Truman made his announcement. If change comes, it is likely, at least in the first instance, to modify relations with our allies, not with the Soviet Union. For the present Mr. Truman, the candidates of both parties, and Congress remain adamant on that score.

BLAIR BOLLES



What Do Stalin's Offers Mean?

A series of moves by the Soviet government during the past few months, the most recent of which are the Kremlin's note of March 10 on a German peace treaty, the International Economic Conference held in Moscow the first week of April, and Premier Stalin's interview of April 6 with the retiring Indian ambassador to the U.S.S.R., Sir Sarvepalli Radhakrishnan, in the course of which Stalin again expressed the view that a Big Four meeting would be useful, has caused even cautious American observers to raise the question whether "sudden peace" may not be in the offing. David Lawrence, in his syndicated column of April 7, expressed the view that "sudden peace" would produce a crisis in the war-gear economy of the United States, and urged the Administration, which in his opinion is preoccupied "with the idea of inevitable war or, at least, prolonged tension," to be prepared for this contingency.

U.S. Wants Deeds

American officials are convinced that the Kremlin's various moves, although ostensibly designed to ease the tensions that have accumulated since World War II, are intended, first and foremost, to detach West Germany from the European Defense Community and thereby undermine the creation of the armed coalition organized under the leadership of General Dwight D. Eisenhower. Washington, therefore, remains determined to proceed as rapidly as possible with the signing of the Allies' contractual agreement with Bonn, now scheduled for May. Meanwhile, if the Soviet government genuinely wants to improve the

world situation, it should, say Administration spokesmen, give concrete evidence of its intentions by speeding the conclusion of a truce in Korea, accepting free all-German elections under the supervision of a United Nations commission, and reopening negotiations for a peace treaty with Austria. While Stalin talks of peace in Moscow, Washington points out, Jacob A. Malik, Russia's UN delegate, balks at American proposals in the Disarmament Commission and supports Peiping's charges about germ warfare which bacteriological experts have demonstrated to be false.

Impact on Europe

Because of its doubts about the genuineness of Moscow's tactics, Washington tends to minimize the effect they may have on our Western European allies. When Mihail Nesterov, president of the Soviet Chamber of Commerce, held out on April 5 the prospect of \$7.5 billion to \$10 billion in trade with the capitalist countries during the next two or three years, the immediate reaction in Washington was, first, that this was sheer propaganda and, second, that this offer, even if real, would not compare with the aid provided by the United States under the Mutual Security Program.

The reaction of Western Europe, however, is different from that of the United States. Moscow is holding out trade prospects with Eastern Europe and China at a critical moment when unemployment in the consumer goods industries, notably textiles, is beginning to affect several major European industrial countries, among them Britain and Belgium.

The point of view of many Europeans was summed up by the British expert on Russian affairs, Edward Crankshaw, in *The New York Times Magazine* of April 6, who said that unless the Western powers plan to try to overthrow the Soviet government—and this, he points out, would be contrary to the avowed aims of the North Atlantic coalition—"there can be no moral objection to trading with Russia." Nor will the argument that continued American aid offers much better prospects for Western Europe than expansion of East-West trade be accepted by all Europeans. It has been increasingly noticeable that even the warmest friends of the United States in Western Europe would prefer not to remain indefinitely dependent on aid from Washington and are casting about for methods of helping themselves through trade with other areas.

Some American business men believe that under the circumstances the United States would be in a stronger position with respect to Western Europe if, instead of merely dismissing the Kremlin's trade feelers, it would bluntly ask what Russia, China and Eastern Europe have to sell and when they can make deliveries. Such an inquiry may well reveal that the U.S.S.R., absorbed in its program of industrialization, has relatively little to spare for trade with the West and is primarily concerned in obtaining from the West the raw materials and equipment it lacks. But until this has been graphically demonstrated, Western Europe, and particularly West Germany, will continue to be tempted by Moscow's offers of trade and peace.

VERA MICHELES DEAN



U.S. Experience in South Korea— A Guide to Policy

by C. Clyde Mitchell

Dr. Mitchell, chairman of the department of agricultural economics at the University of Nebraska, served during 1946-48 as administrator of the National Land Administration in South Korea, and its predecessor agency, the New Korea Company. This article is a summary of the pamphlet *Land Reform in Asia—A Case Study*, recently published by the National Planning Association, Washington, D.C.

It may be too optimistic to assume that the United Nations can somehow bring about peace and unity in Korea. Nevertheless, it is now time—indeed, long past time—to examine the possibility for an independent and democratic Korean government. Dr. Syngman Rhee, with United States help, has created serious problems for the free world by setting up a government in the Republic of South Korea which, by American standards, is undemocratic. Rhee was named president in 1948 by a legislature whose election, witnessed by a handful of UN representatives, was described as “reasonably free.” Until a better election can be held, then, the UN is obligated to support Rhee. Moreover, Rhee undoubtedly commands a strong personal following in South Korea among the rich and influential. In addition, Rhee has a sizeable following in the United States because of his professed Christianity and his reputation as an “anti-Communist.”

Rhee's Record

Rhee is convinced that he is the only leader who can bring happiness and prosperity to Korea. His record, however, shows failures in many important respects. Even before the North Korean invasion in 1950, the Japanese-built industry of South Korea had been virtually wrecked by cannibalization, looting, misuse and rust. Inflation ran wild. South Koreans were slaughtering each other in bloody riots. Korean police were brutal. Civil rights were practically unknown. Severe restrictions on free-

dom of speech had been instituted equal to the Japanese “thought control.” Some of these developments started in the hectic period of United States occupation, but the situation worsened during Rhee's first two years in office. Then, under cover of the war beginning in June 1950, even more fantastic graft and mass political murder became commonplace.

Choices before U.S.

For the creation of this unsatisfactory government, the United States was, to some extent, responsible. The political potential available for development when the Americans entered Korea in 1945 was small. It consisted of the following:

(1) A group of well-to-do expatriates, among them Rhee, who, American officials felt, had been away from Korea too long to be representative of the people.

(2) The “People's Republic,” led by an experienced underground leader of Japanese days, Lyuh Woon Hyung. To Lyuh's standard flocked labor unionists, intellectuals, former political prisoners, and members of the underground, including Communists. People's Committees were set up all over Korea and maintained order and essential services between V-J Day and the American occupation a month later. United States army authorities rejected and disbanded the Peoples' Republic on the ground that it was “Communist.” It undoubtedly had Communists among its members, but whether it was Communist-controlled or not is

debatable. Its destruction deprived many of Korea's non-Communist liberals of a place to go.

(3) A loose collection of native rightists built around a few educated and influential Koreans who had remained at home during the Japanese occupation.

Faced with these three unpromising alternatives, the United States command decided to set up a military government on an interim basis and allow the Koreans themselves to develop political parties and later hold elections.

Once this decision, and the decision to outlaw the Peoples' Republic without trying to “clean it up,” had been made, the character of the future government had been decided: it was to be reactionary. Working with a totally different culture is always a slow and difficult task, and Americans found they could work best—i.e., most rapidly—with Koreans who were “talented,” educated, and therefore from upper-class society. The military government, trying to do an impossible job in a short time, chose from the first group listed above, the expatriates, and the third group, the educated collaborationists.

Some American liberals are prone to charge that we have too often supported such reactionary governments—that if we would turn our assistance over to the popular movements and pull American forces quickly out of the country, democracy would emerge. I cannot agree with this oversimplified explanation. A strong degree of guidance will be

necessary for a long time in most of the underdeveloped countries. I express this conclusion reluctantly, aware of the dangers of "paternalism." However, time is no longer with the democracies. Their major weapon—education—is a slow process. The people of the world are in revolution, demanding a 20th-century economy of abundance, *now*. If they do not get what they want from their present governments, they will turn to communism's promises. By the time they find out that communism cannot deliver, it will be too late to escape. To be free, underdeveloped nations of the world must produce. Industrial revolutions must be compressed into months. Necessary social revolutions must be encouraged, perhaps by compulsion.

Korea's Pre-1950 Collapse

What happened in Korea when we finally tried to turn the country over to the Koreans? It collapsed, literally. In part this collapse was due to a shortage of American technicians after the Japanese technicians were hurried home in 1946. Much of it was the result of the dishonesty and lack of training and ability on the part of the Koreans available to run the government. Moreover, it is my belief that no matter which Korean politicians we had used or even if we had chosen the best-qualified men from all factions, there was still not enough industrial, engineering or educational talent available to operate the country. In 1946, when a handful of American technicians finally were recruited for Korea, they found an impossible shambles. More industries closed down every month than could be patched up. Looting and unplanned cannibalization of equipment virtually wrecked industry. Inflation was growing worse; unemployment was rising.

Because no Koreans had held posi-

tions of professional or technical responsibility for many years (during the 40-year occupation by Japan, all such jobs went to the Japanese), most American administrators recognized that a long period of intensive training would be needed. Broad instructions to the command from Washington, however, specified that control should be transferred to Koreans as soon as they could qualify. The Army chiefs in Korea misjudged the abilities of the Koreans. American technicians in the Military Government departments were ordered to change their titles to "advisers," to move physically out of the offices they had formerly shared with their Korean trainees, and to give advice only when called on to do so by the Koreans. The Korean officials took this announcement to mean they could divest themselves of supervision. With unconcealed glee they did so, except in one agency, the National Land Administration, which remained under American "dictatorship," to use the language of outraged Korean politicians.

In such an environment a "liberal" government probably could not have performed any better than the rightist government which the United States established. A different group of grafters might have skimmed off the cream, but even that is not certain. At the technical, commercial and local-government levels, the same Koreans would have been active regardless of which political group was at the top. The problem is much more profound. Traits of the Korean society which make industrial and social progress difficult are rooted in the past. The dogmatism and introversion of the Korean people are part of a deep-seated national inferiority complex, resulting from years of domination by hated oppressors. Korea has, not three or four, but nearly three hundred political parties and

organizations—a symptom of inability to compromise or cooperate that characterizes Korea's daily life. One Korean trait making administrative operations difficult is that of "absolutism." Whenever a Korean official is overruled, even on minor matters, he feels that he has lost all his prestige and "face," and must resign. Any control over Korean economic and governmental operations could be exercised only with great tact. But firm pressure was nevertheless necessary.

Land Reform

One program was fairly successful in South Korea—a land-sale in 1948 in which the agricultural property formerly owned by the Japanese was sold at reasonable prices to the Korean farm-tenants. The Japanese-owned farms (about 15 percent of the total farm area) were taken over by the United States according to international warfare rules after the Japanese had been repatriated. All proceeds of operation and sale were given to the Korean government. The land-sale was a success, even though only one-fourth of the tenant-farmed land in the country was involved, and it went a long way to meet the dissatisfaction on which communism breeds. The significant part of this story, however, is that the land reform program was managed by American officials from start to finish through the National Land Administration. Because its importance to the occupation was most obvious and because it was such a tempting plum for all of the Korean political factions, this one agency was not "Koreanized" in 1946 as were other government agencies. This writer was administrator of the land reform program. In my opinion American guidance over the Korean bureaucracy that assessed and sold the lands was the major reason why

the 1,400,000 farm plots, comprising about 600,000 farm units, could be distributed at fair prices without graft or political selection of the purchasers. The obvious conclusion is that only through insistence on certain tools of efficiency which we call "honesty" or "public morality" can we succeed in helping the underdeveloped parts of the world.

'Tool-Using' Morality

The average American citizen, when he hears that the funds and technical efforts of the United States have been wasted with little social benefit in some area abroad, is prone to demand that "the corrupt and reactionary government" of that country be replaced. He usually has no idea how deep-rooted the difficulty is or does not know the conditions that brought about the corrupt government and keep it in power. He does not realize that when he demands the establishment of an honest and efficient bureaucracy, the people of the country do not have the slightest idea what he is talking about or why he is so incensed. In the technologically-based Western society a great measure of a certain kind of "honesty," of efficient human relationships, of dependable statistics, of administrative simplification, is dictated by the machines with which we live. Western business, morals, to a great extent, stem from several centuries of "tool-using." In the underdeveloped nations of the world neither the tools nor the cultural efficiencies that go with them are known. Oriental morals have been perfectly reasonable morals to the Oriental. They just happen not to be the type with which Western machine technology and administration are compatible.

To take note of these differences in culture is not to say that we must leave them alone. The underdeveloped countries are going to live in

a machine world and become part of it; there is no choice for them. The United States cannot afford to allow the greater part of its limited resources available for these countries to be wasted through administrative inefficiency and corruption.

Such views disturb many liberal Americans. They seem to smack of imperialism. But are they imperialistic? When the United States helps the underprivileged nations of the world to achieve goals of health, prosperity, freedom and self-government, the old prejudices against im-



Divided Korea

perialism should not apply. Our goals are not exploitative; they cost us tremendous sums in money and materials. We insist only that the recipients must adopt a few simple changes in their institutions and cultural patterns in order to succeed in a machine world.

Yet if American assistance is accompanied by the surveillance that our experience in Korea indicates to be necessary, the recipients will call us imperialists. Our best course, therefore, would be to administer

such aid through the United Nations. Even granting that a great part of the money will be furnished by the United States, nevertheless if the work is done under UN rather than United States auspices, acceptance in the various underdeveloped countries will be far more certain.

In the light of our Korean experience, I favor an expanded program of UN technical assistance, including social and political reform, strongly administered. Agrarian reform should probably come first. The recipients should commit themselves to a long-term education program which would foster technical training and development of their cultural patterns compatible with 20th-century machine civilization. The question of Rhee, or of similar reactionary governments in other underdeveloped countries, is not a simple question of support or rejection by the United States. In most cases there will either be someone like Rhee or else a vacuum. New non-Communist leadership must be developed with UN encouragement. Until that can be done, the "Rhees" will continue to embarrass us. But Rhee and others like him must be made to understand that the turn of political fortune which put them at the head of their precarious governments demands that they rise above the severe limitations of their peoples' development and assume leadership of their countries' economic and social revolution. If they refuse, they will be engulfed by communism.

READING SUGGESTIONS: L. I. Hewes, Jr., *Japanese Land Reform Program* (SCAP, 1950); George McCune, *Korea Today* (Cambridge, Harvard University Press, 1950); C. Clyde Mitchell, *Final Report and History of the New Korea Company* (Hqrs. USAMGIK, Department of the Army, 1948); C. Clyde Mitchell, *Korea, Second Failure in Asia* (Washington, D.C., Public Affairs Institute, 1951); Edgar Ansell Mowrer, "What Asia Wants," *Harpers*, October 1951.

As Others See Us

The controversy between Italy and Yugoslavia about the future of Trieste has caused some sharply worded discussion in the Italian press concerning the policies of Britain and the United States with respect to this disputed area. Leading Italian editorial writers are critical of Marshal Tito and accuse him of perpetuating the expansionist aims of old Serbia. The independent conservative *Il Tempo* of Rome said on March 22: "It has been proved beyond all doubt that time does not work in our favor. . . . Our government's behavior in this question cannot be different from that of London or Paris when their national interest is at stake. The English are intransigent in Egypt; the French, in Tunisia and the Saar; the Germans, when it comes to their vital problems; the Italians should also be intransigent as regards Trieste. . . . More than any other treaty, the Atlantic alliance needs a firm moral basis and confidence in the given word. If the English, the French and the Americans now look upon the tripartite declaration as nothing more than a tiresome diplomatic intermezzo, the Italian government should know it in order to pursue a reso-

lute policy aimed at securing, with Trieste, the country's eastern frontier."

The widely read right-wing satirical weekly, *Candido*, said: "If the whole thing were not so sad, one would be tempted to laugh at this fine Atlantic pact; it will, of course, provide a brilliant defense against hypothetical Soviet attacks, but for the time being it seems unable even to defend us against real British attacks."

The monarchist *Il Popolo di Roma*, however, on March 25 took a different view. The Atlantic community, it declared, is "an indestructible reality" and "the only effective force in defense of civilization." It is within the framework of Atlantic solidarity, therefore, "and not in other and absurd ways" that Italy must continue demanding that justice be done. However, it urges Italy to rearm ("while giving work to our numerous unemployed, it is also, and above all, the only way of making ourselves respected by friends and feared by foes") and to "do something serious about communism" at home.

Some German observers are concerned about the possibility that Chancellor Konrad Adenauer may permit the Western powers to use West Germany for the purpose of overthrowing the existing order in Eastern Europe. In the conservative

pro-government *Frankfurter Allgemeine* of March 25 the well-known commentator Paul Sethe said: "That the Americans should have the ambition to give the world a new and better order is possibly to their credit. But Germany is in quite a different situation. . . . Our country has a few natural aims: they are unification and securing its frontiers and its peace. Beyond this no ambition must go. East of Breslau and west of Saarbrücke, it has no further aims. World politics are not its business. For many years to come the Federal Republic will be too weak to afford the luxury of thinking about bringing freedom to other nations or limiting Russian power."

The *Investor's Chronicle*, a British weekly financial journal, on April 5 sharply criticized United States policy on rubber. It contends that the United States, by driving the price of rubber down to a "barely economic level," threatens to bankrupt Malaya. If the price of rubber is further depressed, says the journal, "America can claim to have created the ideal breeding ground for the very communism that her forces are now deployed against" in Korea. "It seems that a myopic economic policy in the matter of the price of rubber may more than offset the hard-won advantages of Korea. And that is only a sober assessment of the facts we have recited."

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In the next issue

Foreign Policy Forum

**Should U.S. Negotiate
with Russia about Germany?**

by James P. Warburg and
Professor Philip C. Mosely

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